

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

SIPA LIQUIDATION

(Substantively Consolidated)

In re:
BERNARD L. MADOFF,

Debtor.

**DECLARATION OF
MATTHEW B. GREENBLATT**

I, Matthew B. Greenblatt, declare under penalty of perjury:

I. BACKGROUND

1. I am a Senior Managing Director in the Forensic and Litigation Consulting practice of FTI Consulting, Inc. (“FTI”). I serve as an expert witness on behalf of Irving H. Picard (“Trustee”), trustee for the substantively consolidated liquidation of the business of Bernard L. Madoff Investment Securities LLC (“BLMIS”) under the Securities Investor Protection Act (“SIPA”), 15 U.S.C. §§ 78 aaa *et seq.*, and the estate of Bernard L. Madoff (“Madoff”). I submit this Declaration in connection with the Trustee’s Response to Defendants’ Requests to Depose Bernard L. Madoff (“Trustee’s Response”).¹

2. I received a Bachelor of Science degree in Accounting from Lehigh University. I am a Certified Public Accountant (“CPA”), Certified in Financial Forensics (“CFF”), and a Certified Fraud Examiner (“CFE”). I am also a member of the American Institute of Certified Public Accountants, the New York State Society of Certified Public Accountants, and the Association of Certified Fraud Examiners.

3. I have more than 20 years of accounting industry experience including: auditing and accounting matters; litigation consulting; forensic accounting and internal investigations; post-acquisition and shareholder disputes; anti-money laundering; and advising troubled companies.

4. Before joining FTI, I was a Senior Auditor at Price Waterhouse’s Audit and Business Advisory Services Group from 1994 through May 1998. In June of 1998, I joined Kahn Consulting, which was acquired by FTI several months later.

5. On December 11, 2008, Madoff was arrested for violating multiple securities laws in connection with running a Ponzi scheme. On December 15, 2008, Irving H. Picard was appointed as the Trustee for the liquidation of the business of BLMIS, and Baker & Hostetler LLP was retained as his counsel. Shortly thereafter, FTI was retained by Baker & Hostetler LLP, on behalf of the Trustee, to analyze, among other things, the financial affairs of BLMIS and to assist the Trustee with the liquidation of BLMIS. As part of our engagement, FTI was tasked with the exercise of reconstructing the books and records of BLMIS, including all records of the

¹ There are a total of 83 active adversary proceedings listed in the Trustee’s Response. These adversary proceedings included a total of 136 BLMIS accounts that were analyzed as discussed in further detail below (“Defendants’ 136 BLMIS Accounts”).

“cash in/cash out” transactions related to the BLMIS customer accounts as far back as the records allow.

II. THE PRINCIPAL BALANCE CALCULATION

6. I, along with a team of FTI professionals working under my direct supervision, was specifically tasked with compiling chronological listings of all cash and principal transactions for every BLMIS customer account. These chronological listings consist of cash and principal transactions derived from data maintained within BLMIS’s computer systems. Such systems generated monthly customer statements, which were used by FTI and reconciled with third-party bank records where available.

7. These chronological listings provided the foundation to calculate every BLMIS customer account holder’s principal balance on a daily basis for all dates during the period from April 1, 1981 through December 11, 2008 (the “Principal Balance Calculation”).

III. THE IMPACT ANALYSIS

8. The methodology for the Principal Balance Calculation is based on a start date of April 1, 1981. In connection with the Notices of Request to Depose Bernard L. Madoff, Trustee’s counsel has requested, and I have performed, an analysis to calculate the impact of the two-year fictitious profits amounts by adjusting the Principal Balance Calculation start date to January 1, 1992 for the Defendants’ 136 BLMIS Accounts in 83 adversary proceedings (the “Impact Analysis”). This analysis is not an admission by FTI or the Trustee that such treatment is appropriate.

9. Based on the Impact Analysis that I have performed, I have concluded that the two-year fictitious profits amounts have changed in only three of the 83 adversary proceedings. In the other 80 adversary proceedings, the two-year fictitious profits amounts remain unchanged.

10. The following chart provides a full comparison between the two-year fictitious profits amounts for the 83 adversary proceedings based on the Principal Balance Calculation methodology using a start date of April 1, 1981 and a start date of January 1, 1992:

No.	Adversary Proceeding Number	Case Name	Two-Year Fictitious Profits Amounts (April 1, 1981)	Two-Year Fictitious Profits Amount (January 1, 1992)	(c) = (b) - (a)
1	10-04292	Robert Roman	\$ (410,000)	\$ (410,000)	\$ -
2	10-04302	Joan Roman	(390,000)	(390,000)	-
3	10-04306	Angela Tiletnick	(240,000)	(240,000)	-
4	10-04321	Herbert Barbanel, et al.	(586,335)	(586,335)	-
5	10-04327	Gertrude E. Alpern Revocable Trust, et al.	(593,199)	(437,142)	156,058
6	10-04335	Aspen Fine Arts Co.	(1,600,000)	(1,600,000)	-
7	10-04336	Estate of Doris Igoin, et al.	(25,104,399)	(22,591,749)	2,512,650
8	10-04344	Alexander Sirokin	(3,925,000)	(3,925,000)	-
9	10-04362	Sage Associates, et al.	(13,510,000)	(13,510,000)	-
10	10-04367	Benjamin T. Heller	(3,300,000)	(3,300,000)	-
11	10-04397	Fern C. Palmer Revocable Trust Dtd 12/31/9, et al.	(1,300,000)	(1,300,000)	-
12	10-04400	Sage Realty, et al.	(3,370,000)	(3,370,000)	-
13	10-04415	Barbara J. Berdon	(1,227,746)	(1,227,746)	-
14	10-04438	Estate of Seymour Epstein, et al.	(2,622,439)	(2,622,439)	-
15	10-04446	Trust Dated 12/6/99 Walter and Eugenie Kissinger, et al.	(1,200,000)	(1,200,000)	-
16	10-04469	Carol L. Kamenstein, individually and in her capacity as joint tenant	(2,794,314)	(2,794,314)	-
17	10-04474	Roger Rechler Revocable Trust, et al.	(9,353,113)	(9,353,113)	-
18	10-04486	The Norma Shapiro Revocable Declaration of Trust Under Agreement Date	(926,064)	(926,064)	-
19	10-04487	Robert Weintraub, et al.	(443,089)	(443,089)	-
20	10-04503	Judd Robbins	(2,250,200)	(2,250,200)	-
21	10-04541	Kenneth W Perlman, et al.	(685,030)	(685,030)	-
22	10-04545	Jerome Goodman, Individually, as trustee for The Jerome Goodman Child	(1,572,609)	(1,572,609)	-
23	10-04570	Jacob M. Dick Rev Living Trust DTD 4/6/01, et al.	(1,681,299)	(1,681,299)	-
24	10-04576	Norton A. Eisenberg	(759,183)	(759,183)	-
25	10-04582	Gerald Blumenthal	(521,667)	(521,667)	-
26	10-04599	Alvin E. Shulman	(600,895)	(600,895)	-
27	10-04606	Florence W. Shulman	(531,882)	(531,882)	-
28	10-04614	Robert S. Whitman	(775,000)	(775,000)	-
29	10-04655	Jaffe Family Investment Partnership, et al.	(1,245,803)	(1,245,803)	-
30	10-04668	Timothy Shawn Teufel and Valerie Ann Teufel Family Trust, et al.	(273,000)	(273,000)	-

No.	Adversary Proceeding Number	Case Name	Two-Year Fictitious Profits Amounts (April 1, 1981)	Two-Year Fictitious Profits Amount (January 1, 1992)	Difference
31	10-04702	S&L Partnership, a New York partnership, et al.	(530,000)	(530,000)	-
32	10-04718	The Jordan H. Kart Revocable Trust, et al.	(709,960)	(709,960)	-
33	10-04728	Bruno L. Digiulian	(755,010)	(755,010)	-
34	10-04748	Mark Horowitz	(738,492)	(738,492)	-
35	10-04749	Philip F. Palmedo	(600,000)	(600,000)	-
36	10-04752	Kuntzman Family LLC, et al.	(762,075)	(762,075)	-
37	10-04762	James M. Goodman	(350,000)	(350,000)	-
38	10-04798	Janet Jaffe, et al.	(302,621)	(302,621)	-
39	10-04803	The Estelle Harwood Family Limited Partnership, et al.	(238,830)	(238,830)	-
40	10-04806	Kenneth M. Kohl, as an individual and as a joint tenant, et al.	(465,000)	(465,000)	-
41	10-04809	Edyne Gordon NTC	(242,974)	(242,974)	-
42	10-04818	Toby Harwood	(625,925)	(625,925)	-
43	10-04823	Frank DiFazio, et al.	(240,000)	(240,000)	-
44	10-04826	Boyer Palmer	(500,000)	(500,000)	-
45	10-04852	Alvin E. Shulman Pourover Trust, et al.	(593,643)	(593,643)	-
46	10-04859	Bert Margolies Trust, et al.	(360,899)	(360,899)	-
47	10-04861	Harold J. Hein	(454,989)	(454,989)	-
48	10-04878	Lisa Beth Nissenbaum Trust, et al.	(625,551)	(625,551)	-
49	10-04882	Laura E. Guggenheimer Cole	(200,921)	(200,921)	-
50	10-04912	Harry Smith Revocable Living Trust, et al.	(381,849)	(381,849)	-
51	10-04920	Glenhaven Limited, et al.	(250,000)	(250,000)	-
52	10-04931	Cantor, et al.	(300,000)	(300,000)	-
53	10-04946	Stephen R. Goldenberg	(4,000,000)	(4,000,000)	-
54	10-04951	Harold A. Thau	(3,281,000)	(3,281,000)	-
55	10-04956	D. M. Castelli	(470,000)	(455,989)	14,011
56	10-04961	Sylvan Associates LLC f/k/a Sylvan Associates Ltd Partnership, et al.	(1,250,000)	(1,250,000)	-
57	10-04966	Onesco International, LTD, et al.	(2,049,041)	(2,049,041)	-
58	10-04978	Estate of Ira S. Rosenberg, et al.	(844,696)	(844,696)	-
59	10-04979	James M. New Trust dtd 3/19/01, et al.	(1,065,000)	(1,065,000)	-
60	10-04991	Guiducci Family Limited Partnership, et al.	(1,041,038)	(1,041,038)	-

No.	Adversary Proceeding Number	Case Name	Two-Year Fictitious Profits Amounts (April 1, 1981)	Two-Year Fictitious Profits Amount (January 1, 1992)	(c) = (b) - (a)
61	10-04995	Trust U/Art Fourt O/W/O Israel Wilenitz, et al.	(280,000)	(280,000)	-
62	10-05026	Walter Freshman Trust A, a Florida trust, et al.	(400,000)	(400,000)	-
63	10-05037	Barbara L. Savin	(204,201)	(204,201)	-
64	10-05069	Potamkin Family Foundation Inc.	(896,500)	(896,500)	-
65	10-05079	Estate of James M. Goodman, et al.	(1,975,000)	(1,975,000)	-
66	10-05104	The Gloria Albert Sandler and Maurice Sandler Revocable Living Trust	(760,000)	(760,000)	-
67	10-05124	The Lawrence J. Ryan and Theresa R. Ryan Revocable Living Trust, et al.	(203,249)	(203,249)	-
68	10-05128	JABA Associates LP, et al.	(2,925,000)	(2,925,000)	-
69	10-05130	Barbara Kotlikoff Harman	(440,000)	(440,000)	-
70	10-05133	Boyer H. Palmer, individually, etc., et al.	(968,000)	(968,000)	-
71	10-05135	Reckson Generation, et al.	(2,205,524)	(2,205,524)	-
72	10-05151	Palmer Family Trust,etc., et al.	(450,500)	(450,500)	-
73	10-05157	The Harnick Brothers Partnership, et al.	(646,742)	(646,742)	-
74	10-05184	Laura Ann Smith Revocable Living Trust, et al	(175,712)	(175,712)	-
75	10-05196	Whitman 1990 Trust U/A DTD 4/13/90, etc., et al	(475,000)	(475,000)	-
76	10-05209	Lapin Children LLC	(1,295,332)	(1,295,332)	-
77	10-05236	Toby T. Hobish, et al	(229,650)	(229,650)	-
78	10-05257	Edward A. Zraick, Jr., individually and as joint tenant, et al.	(285,000)	(285,000)	-
79	10-05309	William Pressman, Inc., et al.	(442,961)	(442,961)	-
80	10-05312	Doron Tavlin Trust U/A 2/4/91, et al.	(489,272)	(489,272)	-
81	10-05377	Richard G. Eaton	(500,042)	(500,042)	-
82	10-05420	Gunther K. Unflat, et al.	(1,142,994)	(1,142,994)	-
83	10-05435	Keith Schaffer, et al.	(742,400)	(742,400)	-

Total: \$ (126,154,858) \$ (123,472,140) \$ 2,682,718

A. The Three Impacted Adversary Proceedings

11. As indicated in the chart above, using a start date of January 1, 1992, the two-year fictitious profits amounts would be adjusted for only three adversary proceedings: (i) Gertrude E. Alpern Revocable Trust, et al. (10-04327); (ii) Estate of Doris Igoin, et al. (10-04336); and (iii) D. M. Castelli (10-04956).

B. The 80 Remaining Adversary Proceedings

12. As reflected in the above chart, the two-year fictitious profits amounts for the remaining 80 adversary proceedings related to 133 of the Defendants' 136 BLMIS Accounts are not impacted by a January 1, 1992 start date for the following reasons:

- 64 of the Defendants' 136 BLMIS Accounts were opened post January 1, 1992 and did not receive any inter-account transfers from BLMIS accounts that opened prior to January 1, 1992. Below is a listing of the 64 BLMIS accounts and the adversary proceeding numbers:

No.	Adversary Proceeding Number	BLMIS Account Number
1	10-04335	1EM381
2	10-04367	1H0149
3	10-04438	1CM005
4	10-04469	1CM247
5	10-04469	1CM596
6	10-04469	1CM597
7	10-04469	1CM913
8	10-04469	1CM914
9	10-04486	1S0467
10	10-04487	1EM448
11	10-04503	1ZR234
12	10-04545	1CM520
13	10-04545	1CM521
14	10-04545	1CM787
15	10-04570	1CM325
16	10-04570	1CM883
17	10-04576	1CM042
18	10-04576	1CM296
19	10-04599	1S0290
20	10-04606	1F0091
21	10-04606	1S0291
22	10-04606	1S0517
23	10-04655	1EM387
24	10-04668	1KW143
25	10-04668	1KW219
26	10-04702	1G0256
27	10-04728	1ZR024
28	10-04752	1ZA539
29	10-04798	1EM241
30	10-04798	1EM408
31	10-04798	1J0064
32	10-04803	1ZB352

No.	Adversary Proceeding Number	BLMIS Account Number
33	10-04806	1ZB286
34	10-04809	1EM331
35	10-04818	1ZA716
36	10-04852	1S0516
37	10-04859	1ZA799
38	10-04859	1ZB342
39	10-04859	1ZB582
40	10-04861	1ZR192
41	10-04878	1EM475
42	10-04931	1C1097
43	10-04931	1C1098
44	10-04946	1CM391
45	10-04951	1ZA467
46	10-04966	1CM015
47	10-04966	1FN062
48	10-04966	1FN093
49	10-04966	1FR121
50	10-04991	1ZA278
51	10-04991	1ZB423
52	10-05069	1P0107
53	10-05135	1R0141
54	10-05157	1H0123
55	10-05236	1H0135
56	10-05236	1ZB067
57	10-05309	1ZA733
58	10-05309	1ZA734
59	10-05377	1CM366
60	10-05420	1U0018
61	10-05435	1ZA339
62	10-05435	1ZA401
63	10-05435	1ZA642
64	10-05435	1ZA835

- 61 of the Defendants' 136 BLMIS Accounts had no impact to their two-year fictitious profits amounts because the additional principal received by these accounts, in either a December 31, 1991 principal credit, or in an inter-account transfer from a BLMIS account opened prior to January 1, 1992, was dwarfed by the withdrawals taken before the two-year period. Therefore, the two-year fictitious profits amounts are the same under the Principal Balance Calculation methodology with an April 1, 1981 start date and with a January 1, 1992 start date. Below is a listing of the 61 BLMIS accounts and the adversary proceeding numbers:

No.	Adversary Proceeding Number	BLMIS Account Number
1	10-04292	1R0148
2	10-04302	1R0147
3	10-04306	1T0040
4	10-04321	1B0168
5	10-04327	1A0086
6	10-04327	1A0118
7	10-04336	1FN076
8	10-04344	1S0102
9	10-04362	1S0004
10	10-04362	1S0547
11	10-04367	1H0022
12	10-04397	1EM 145
13	10-04400	1S0316
14	10-04415	1B0145
15	10-04438	1CM049
16	10-04446	1K0032
17	10-04446	1K0159
18	10-04474	1R0019
19	10-04486	1S0337
20	10-04486	1S0338
21	10-04541	1P0074
22	10-04582	1B0166
23	10-04614	1W0105
24	10-04702	1S0276
25	10-04718	1K0129
26	10-04748	1KW009
27	10-04749	1CM 142
28	10-04762	1G0320
29	10-04823	1D0071
30	10-04826	1P0098
31	10-04882	1C1258

No.	Adversary Proceeding Number	BLMIS Account Number
32	10-04912	1S0355
33	10-04920	1CM 074
34	10-04961	1S0183
35	10-04978	1CM 161
36	10-04979	1N0020
37	10-04995	1CM 806
38	10-04995	1CM 837
39	10-05026	1F0092
40	10-05026	1F0093
41	10-05037	1EM 180
42	10-05079	1EM 068
43	10-05104	1S0267
44	10-05104	1S0399
45	10-05124	1R0133
46	10-05124	1R0171
47	10-05128	1EM 357
48	10-05130	1H0099
49	10-05133	1EM 396
50	10-05135	1R0014
51	10-05135	1R0017
52	10-05151	1EM 144
53	10-05157	1B0264
54	10-05157	1H0161
55	10-05184	1S0353
56	10-05196	1W0075
57	10-05209	1CM 624
58	10-05257	1Z0020
59	10-05257	1Z0037
60	10-05312	1T0004
61	10-05420	1U0017

- Eight of the Defendants' 136 BLMIS Accounts did not make withdrawals in the two-year period.² Below is a listing of the eight BLMIS accounts and the adversary proceeding numbers:

No.	Adversary Proceeding Number	BLMIS Account Number
1	10-04336	1FN006
2	10-04336	1FR122
3	10-05135	1R0142
4	10-05135	1R0144
5	10-05157	1B0261
6	10-05157	1B0262
7	10-05157	1H0121
8	10-05257	1Z0035

13. All the conclusions and opinions I have reached herein are stated to a reasonable degree of certainty within the forensic accounting field.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America, to the best of my knowledge that the foregoing is true and correct.

Dated: New York, New York
August 19, 2016



Matthew B. Greenblatt, CPA/CFF, CFE

² I am advised by the Trustee's counsel that the Trustee is not pursuing transfers from these eight BLMIS accounts. Rather, these BLMIS accounts are part of adversary proceedings with two-year fictitious profits amounts associated with other BLMIS accounts.